

Message Text

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73

ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 STR-08 TRSE-00 CIEP-02 SAL-01

OMB-01 TAR-02 RSR-01 /074 W
----- 098185

R 031400 Z APR 73

FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3546

LIMITED OFFICIAL USE NEW DELHI 3816

FOLLOWING TEL FROM MADRAS REPEATED FOR YOUR INFO

QUOTE:

ACTION NEW DELHI, INFO BOMBAY, CALCUTTA FROM MADRAS
DATED APRIL 2, 1973

LIMITED OFFICIAL USE MADRAS 306

E. O. 11652: N/ A

TAGS: EGEN, IN

SUBJECT: LEATHER TRADE IN SOUTH INDIA

REF: A) MADRAS 921, NOV 17

B) MADRAS 997, DEC 21

C) MADRAS 8234, JAN 12; FEB 9: FEB 23

1. FURTHER TO THE CONSULGENERAL' S EXCHANGE WITH KENNON
IN NEW DELHI ON MARCH 12, FOLLOWING IS A SUMMARY OF RECENT
DEVELOPMENTS AFFECTING THE LEATHER TRADE IN SOUTH INDIA:
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A. WITH EXPORTS OF RAW HIDES AND SKINS COMPLETELY BANNED AND QUOTAS ON THE EXPORT OF SEMI- FINISHED LEATHER, INCLUDING CRUST LEATHER, ESTABLISHED AS OF APRIL 1, HUNDREDS OF SMALL TANNERS, UNABLE TO COMPETE WITH THE BIG HOUSES IN THE MANUFACTURE AND EXPORT OF FINISHED LEATHER PRODUCTS, ARE CLAMORING FOR SPECIAL PROTECTION AND EXPORT QUOTAS OF THEIR OWN. GOI DELAY IN SETTING UP THE LEATHER EXPORT DEVELOPMENT CORPORATION (LEDC) TO CANALIZE TRADE IN SEMI- FINISHED LEATHER (KOW REGULATED BY THE STC) AND ASSIST TANNERS IN SWITCHING TO THE MANUFACTURE OF FINISHED LEATHER AND LEATHER GOODS, HAS DONE LITTLE TO ALLAY THEIR FEARS. (LEDC, WHEN CONSTITUTED, IS EXPECTED TO LEVY A 10 PERCENT TAX ON THE EXPORT OF SEMI- FINISHED HIDES AND SKINS WHICH WILL BE TURPEDITIOUSLY AS POSSIBLE.

5. SUGGEST USAID ADVISE PLN TO REQUEST TWO L/ COM' S, ONE FOR DOLS 374,000 OF PROPRIETARY PROCUREMENT FROM NORDBERG, ANOTHER FOR DOLS 205,000 OF NON- PROPRIETARY PROCUREMENT, AND APPROPRIATE DISTRIBUTION OF AMOUNT FOR BANKING CHARGES TO EACH. HARZA- PRE- PARED, PLN- APPROVED, LISTS OF REHABILITATION AND OPERATING PARTS SHOULD BE ATTACHED TO EACH L/ COM REQUEST FOR OUR INCLUSION IN L/ COM. CONTINENTAL ILLINOIS BANK AND TRUST CO. WILL THEN BE GIVEN ALL NECESSARY INSTRUCTIONS TO INSURE CPG REQUIREMENTS FULFILLED.

6. IMPLEMENTATION LETTER NO. 5 DATED 6 JULY 71 REFERS THE GOI IN A GENERAL WAY TO M. O. 1442.3 (CPG). IF USAID IS CONCERNED ABOUT PLN PROCUREMENT PROCEDURES, SUGGEST MAY BE APPROPRIATE TO ISSUE ADDITIONAL IMPLEMENTATION LETTER CALLING SPECIFIC ATTENTION TO THE REQUIREMENTS OF SEC. 3.7. B OF THAT M. O. FOR CONFORMITY TO " GOOD COMMERCIAL PRACTICE... SOLICITATION OF A REASONABLE NUMBER OF POTENTIAL SUPPLIERS... REASONABLE PRICES", ETC. RUSH

UNCLASSIFIED

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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